The scope of this provision has further been widened with effect from 1.8.98, whereby even if one of the six criteria is be fulfilled, a return of income is required to be filed in Form No. 2C, the additional two criteria being membership of certain clubs and holding of certain credit cards. This provision has been brought in the statute on the presumption that any person who fulfills such conditions is likely to have taxable income.

The Department is collecting and collating information of persons covered by these economic criteria and where-ever such persons have not filed the returns of income, letters and notices calling for the same are being issued.

(c) and (d) Every year the Department receives returns of income from persons having taxable income and those liable to file return, under the provisions of Income tax Act, 1961. All returns received are processed for any prima-facia adjustments permissible under the law. Further, these returns are examined to see whether there is any need for detailed scrutiny. The cases which are selected for scrutiny are checked thoroughly after verification of all details submitted as well as obtained from the assessee and third parties. Besides the routine assessment procedure, information in case of suspected tax evasion is also collected through the Investigation wing of the Department and such information is used in bringing to tax the correct income. In serious cases of tax evasion, search and seizure operations are also undertaken by the Department through its Investigation Wing.

Opening of insurance industry to Indian and foreign private companies

224. SHRI SITARAM KESRI:
SHRI P. PRABHAKAR REDDY:

Will the Minister of FINANCE be pleased to state:

(a) whether it has been decided to open the insurance industry to the Indian and foreign private insurance companies;

(b) if so, the details thereof and by when the proposal is likely to be implemented; and

(c) what steps have been taken to safe-guard the interests of the Indian companies in the sector?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M.R. JANARTHA-NAN): (a) to (c) In the Budget Speech for 1998-99 the Finance Minister has announced that the insurance sector will be opened to competition from private Indian companies. It is proposed to allow private Indian companies in insurance sector including joint ventures where limited foreign equity participation would be allowed. To regulate, promote-and ensure orderly growth of the insurance industry a statutory Insurance Regulatory Authority is proposed to be set up. A Bill in this regard is expected to be introduced in the Winter Session of Parliament.

Foreign currency rating of India

225. SHRI RAJUBHAI A. PARMAR: SHRIMATI VEENA VERMA
SHRI AKHILESH DAS:

Will the Minister of FINANCE be pleased to state:

(a) whether as reported in the Hindu of August 11, 1998 Duff and Phelps Credit Rating Company (DCR) has downgraded the foreign currency rating of India to BB plus from BBB minus and the local currency rating to BBB from BBB plus;

(b) the extent of fiscal slippage forming the basis of the downgrading of foreign currency rating; and

(c) how it has affected the imports and exports trade of India during the intervening period and the steps taken to arrest the drift?